

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

BOARD OF CONFERREES - - CORPORATION TAX BUREAU

In the Matter of the Applications of :

THOMAS J. LIPTON, INC. :

Hearing Case No. 5856

for revision or refund of franchise  
taxes under Article 9A of the Tax Law  
for the calendar years 1962 and 1963 :

The taxpayer paid the following taxes:

	<u>1962</u>	<u>1963</u>
Entire net income	\$14,880,781.00	\$16,299,588.00
Business allocation	12.81185%	11.45011%
New York base	1,906,503.34	1,866,321.00
Tax at 5 1/2%	104,857.68	102,647.66
Subsidiary capital	5,482,752.00	5,161,868.00
Subsidiary allocation	26.9544%	32.29394%
New York base	1,477,453.00	1,666,971.00
Tax at 1/4 mill	738.92	833.49
Total tax	105,596.60	103,481.15

On May 6, 1966 timely applications for revision or refund were filed together with amended returns.

On a schedule attached to the 1964 report the basis for the claims for refund is stated as follows:

	<u>1962</u>	<u>1963</u>
"Business allocation percentage:		
Original return	12.81185	11.45011
Amended return (See Note 1)	12.52548	10.93132

NOTE:

1. This reduction due to overstatement of item(2) Schedule E as originally filed. This category encompasses merchandise accepted by our New York division which have a destination outside of New York; the merchandise being shipped from a warehouse outside of New York. The original figure filed included goods shipped from our manufacturing plants outside of New York. The amended figure includes only those shipments from warehouse outside of New York"

Based on the foregoing and an adjustment in subsidiary capital this Board recommends that the taxes be corrected as follows:

	<u>1962</u>	<u>1963</u>
Final Federal or original income	\$15,191,567.00	\$16,299,588.00
Franchise tax deducted	104,407.00	-
Entire net income	15,295,974.00	16,299,588.00
Business allocation	12.52458%	10.93132%
Allocated income	1,915,756.50	1,781,760.00
Tax at 5 1/2%	105,366.61	97,996.80
Subsidiary capital	5,482,752.00	13,997,487.00
Subsidiary allocation	26.9544%	28.7832%
New York base	1,477,453.00	4,028,783.00
Tax at 1/4 mill	738.92	2,014.39
Total tax	106,105.53	100,011.19
Remittance	107,851.05	103,481.15
Credit	1,745.52	3,469.96

Form CT-122 attached to form CT-3 for the calendar year 1964 shows a credit due taxpayer of \$4,384.77 which was also based on a correction in the receipts factor of the business allocation.

/s/

W. F. SULLIVAN

~~Chairman~~

/s/

D. H. GILHOOLY

/s/

J. J. GENEVICH

Approved  
E. A. DORAN

October 13, 1966  
WFS:TK

10-17-66  
I approve  
JAMES R. MACDUFF